

WAKE COUNTY

RECOMMENDED BUDGET

Jim Hartmann, Wake County Manager

May 15, 2017

FY 18

What's driving our decisions?





Wake County is growing by 67 people a day

Reaching 1 Million Residents

1771 → 2014

243 Years in the Making

Reaching 2 Million Residents

2014 → 2054

Less than 40 years from now

10 Fastest Growing Counties

with > 1,000,000 Residents, July 1, 2015

County growth rate, 2010-2015





Rapid population growth = Increased demand for services

Services Only We Provide

Countywide

Social services
Public health
Child welfare
Jails
Libraries
EMS

Unincorporated Areas

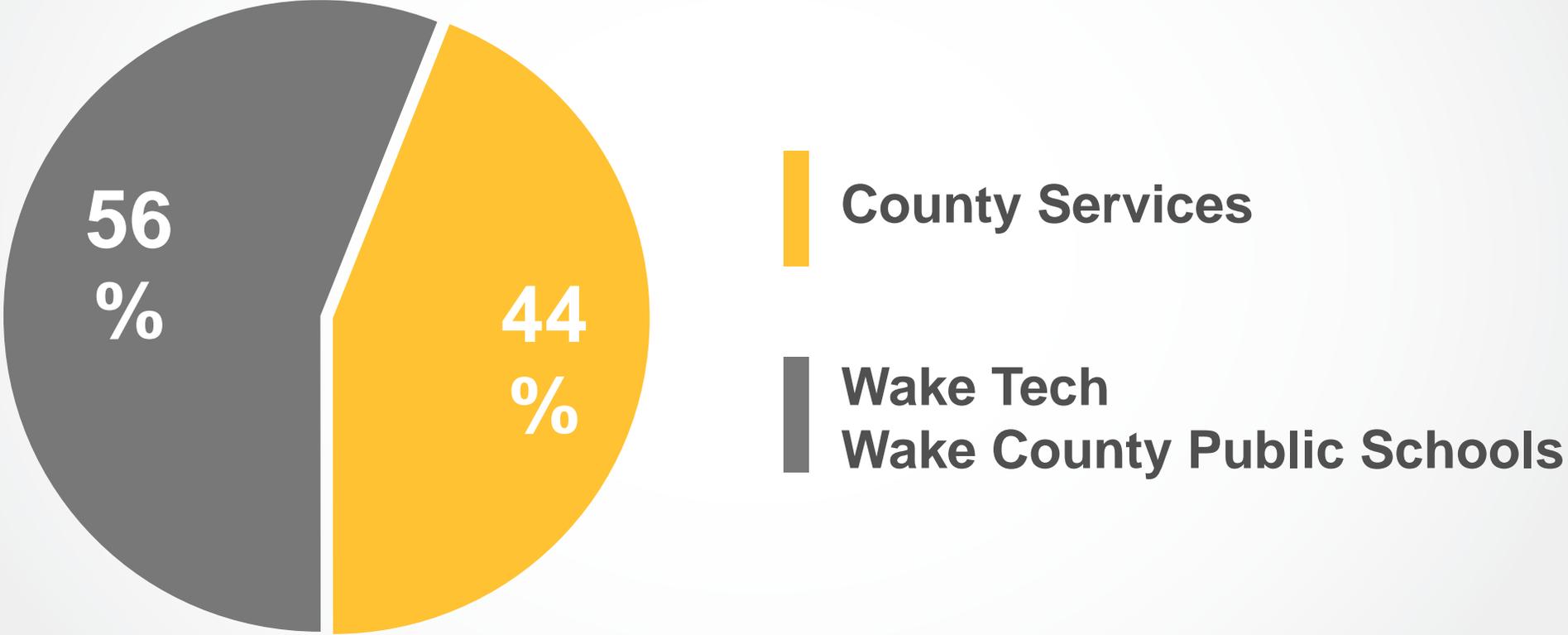
Law enforcement
Building inspections
Planning and permitting
Animal control
Water quality

State-Mandated Responsibilities

- Providing court space
- Constructing and maintaining facilities for WCPSS and Wake Tech



How are our funds spent?



Funding County Services

72%

required to provide

28%

choose to provide

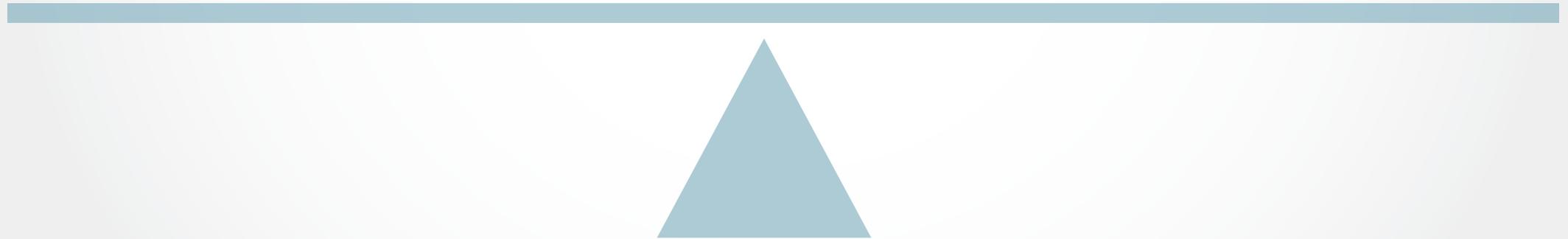
Finding the Balance

Meet responsibilities

Respond to growth

Address increasing demands

Maintain our high quality of life



Board Goals

- **Community Health**
- **Economic Strength**
- **Education**
- **Great Government**
- **Growth and Sustainability**
- **People, Arts and Culture**
- **Public Safety**
- **Social and Economic Vitality**

Projecting our Revenue

Property Tax

**Property tax
is our largest
revenue source**

Current rate:

**60.05
cents**

Projecting our Revenue

Property Tax

FY17 budgeted revenue \$840.5 million

Estimated growth + \$23.5 million

FY18 Projection \$864 million

Projecting our Revenue

Sales Tax

**Sales tax is
second largest
revenue source**

14%
Of total revenue

Projecting our Revenue

Sales Tax

FY17 projected revenue \$177.3 million

Estimate 6% growth and Medicaid Hold Harmless + \$13.1 million

FY18 Projection \$190.4 million

Projecting our Revenue

Other Funding Sources

Intergovernmental funding		\$97.8 million
Charges, permits and fees	+	\$62.5 million
All other revenues	+	\$26.1 million

FY18 Projection

\$186.4 million

Projecting our Revenue

Total FY18
projected revenue

\$1.24 billion

\$38.3 million more

than FY17 budget

Building the Base Budget

- The ongoing spending to continue to provide services
- Looked for places where we could save money
- Made sure one-time expenses in FY17 did not carry over into FY18

Funding Debt and Capital

Building the Base Budget

#1 commitment

We must meet our debt service obligations to protect our Triple-AAA bond rating

Wake County is 1 of only 46 counties in the nation with a Triple-AAA bond rating

Funding Debt and Capital

Building the Base Budget

- Will spend \$10.8 million more on transfers
- The vast majority is the cost of building schools



Funding Debt and Capital Using New Revenue

New revenue
projected for FY18 \$38.3 million

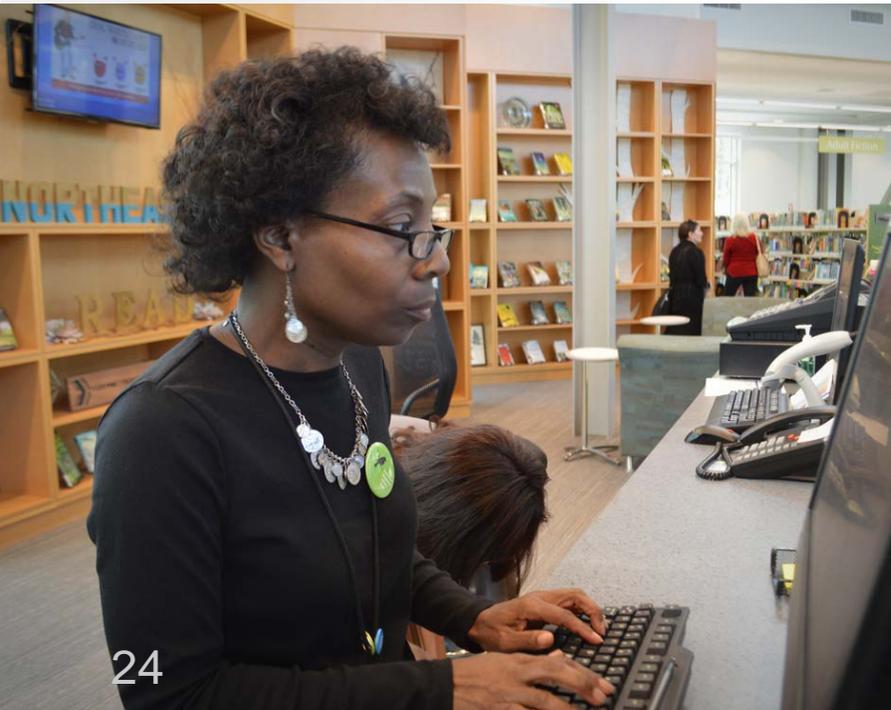
Additional investment required – \$10.8 million
for debt and capital expenditures

Remaining new revenue \$27.5 million

Funding Annualization Costs

Building the Base Budget

- Employee health insurance
- Performance pay
- Other spending to maintain service delivery



Funding Annualization Costs

Using New Revenue

Remaining revenue for FY18 \$27.5 million

Additional funds required to annualize expenses – \$9.8 million

Remaining new revenue \$17.7 million

Requests for New Funding

County Departments

External
Partners

Wake
Tech

Wake County
Public Schools

143 expansion requests

Total cost: \$80 million

Making Tough Decisions

Requests	\$80 million	
Revenue	\$17.7 million	Gap = \$62 million

It's about meeting expectations



Growth isn't paying for itself

More revenue is needed to address the increasing demands on:

- The services we are required to deliver
- The services the public expects us to provide



What are our options?

The primary revenue source we have direct control over is the property tax

FY2018 Budget Recommendation

General Fund Operating Budget

\$1,261,415,000

Includes a **1.45-cent** property tax increase
for a total proposed rate of **61.5 cents**

Effect on Average Homeowner

- Average home in Wake County costs \$270,000
- Property tax increase for the owner of an average home would be **\$39/year**



Increase would generate **\$21 million** in new revenue

The Benefits of this Budget

The FY18 Recommended Budget enables us to:

- Respond to workload demands for quality county services
- Attract, retain and equip a highly-skilled workforce
- Leverage partnerships to achieve social and economic vitality
- Continue our strong investment in education

Responding to Workload Demands

Caseloads and costs are rising in critical areas:



- **Public safety**
- **Community health, care and custody of others**
- **Growth and development**



Public Safety

Wake County Sheriff's Office

Public Safety



- Primary law enforcement agency for the unincorporated areas of the county
- Runs the Wake County Detention Center
- Houses 1,200 inmates on average each day

Wake County Sheriff's Office

Recruitment and Retention

Public Safety

- Fully staffed: 508 detention officers, 378 law enforcement officers
- Positions are hard to fill, even after salary adjustments last year
- April: 15% of detention officer positions were vacant
- Cover necessary shifts with overtime
- Employee fatigue, recruitment and retention impacts

Wake County Sheriff's Office

Recruitment and Retention

Public Safety

Recommendations

Invest \$1.6 million for pay increases to:

- Improve recruitment and retention
- Be more competitive in the marketplace

Create a recruitment officer position to:

- Attract more viable candidates
- Encourage them to apply for open positions

Wake County Sheriff's Office

Rising Inmate Medical Costs

Public Safety

State law now requires us to:

- **Pay for inmates' medical care at hospitals, starting at arrest**
- **Cover inmates' pre-existing health conditions**

Wake County Sheriff's Office

Rising Inmate Medical Costs

Public Safety

Recommendations

Invest \$2.3 million in inmate hospital medical costs

Will address the growing expense of caring for those in our custody

Inmate Medical Care Costs



Wake County Sheriff's Office Inmate Education Program

Public Safety

In partnership with the
Sheriff's Office, Capital Area
Workforce Development and
Community Success Initiative

Recommendation

Fund inmate education pilot program with the aim of:

- Helping people lead productive lives after release from jail
- Reducing recidivism

Wake County EMS

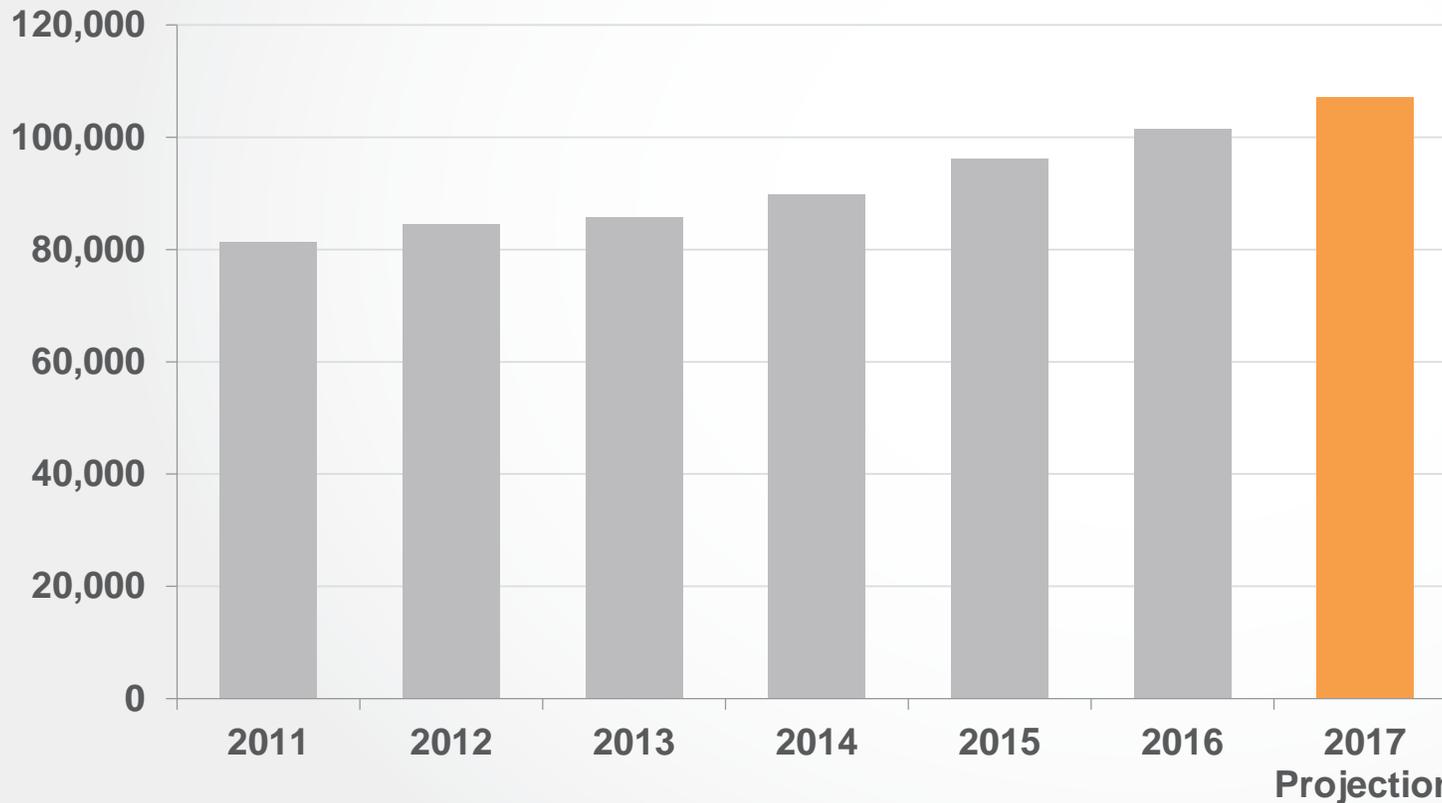
Public Safety



Wake County EMS Increase in Demand

Public Safety

EMS Call Volume by Calendar Year



**25% increase in calls
over the past 5 years**

Crews now responding
to 100,000+ calls/year

Fully staffed:

- 44 EMTs
- 189 paramedics

Wake County EMS Recruitment and Retention

Public Safety

**10% paramedic
vacancy rate**

**Why is it difficult to fill vacant
paramedic positions?**

- Shortage of qualified candidates in our region
- Lots of competition among regional and national EMS agencies

Wake County EMS Recruitment and Retention

Public Safety

Recommendation

**Create 2 pilot programs
to address recruitment and retention issues**

- Offer a recruitment and relocation bonus
Total cost: \$150,000
- Train our EMTs through community college to gain paramedic credentials
Total cost: \$390,000

Wake County EMS Shift Conversions

Public Safety

Recommendation

Complete the transition from 24-hour employee shifts to 12-hour shifts

Benefits:

- Reduce fatigue
- Improve employee safety
- Enhance response to an increasing number of calls

Total cost to convert the 4 remaining ambulance crews: **\$440,000**

Each conversion will require an additional EMT and paramedic

Wake County Animal Control

Public Safety

Recommendations

- Add 2 animal control officers
- Will expand our coverage
- Will improve our service to better protect the public from potentially harmful animals



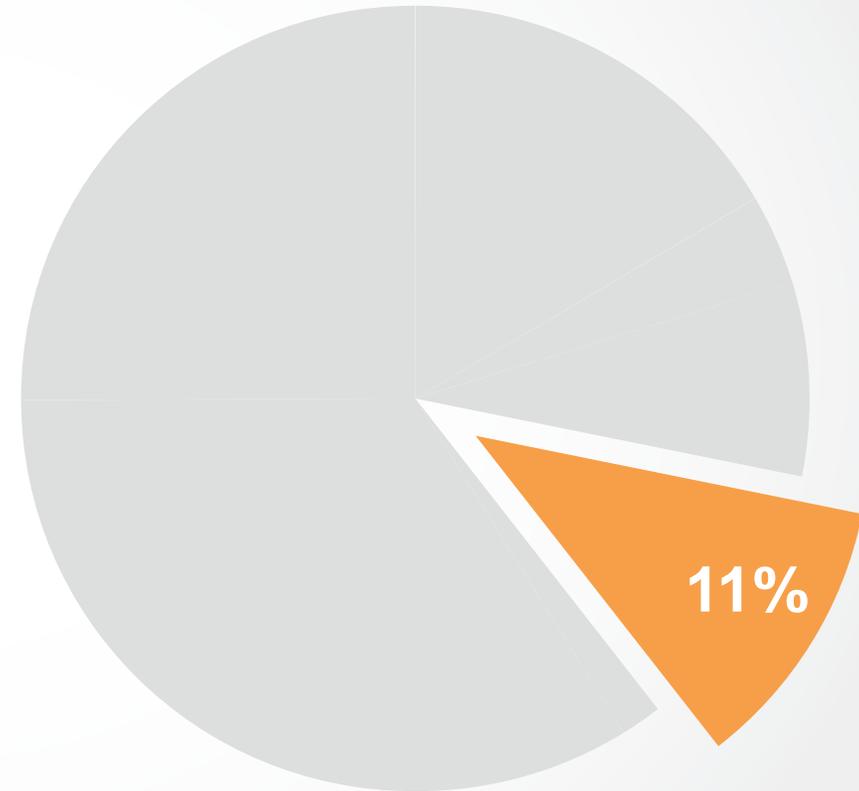
Proposed Investment

Public Safety

Calculating our FY18 investment

New investments in public
safety: \$12 million

Our total proposed budget for
public safety: **\$142 million**



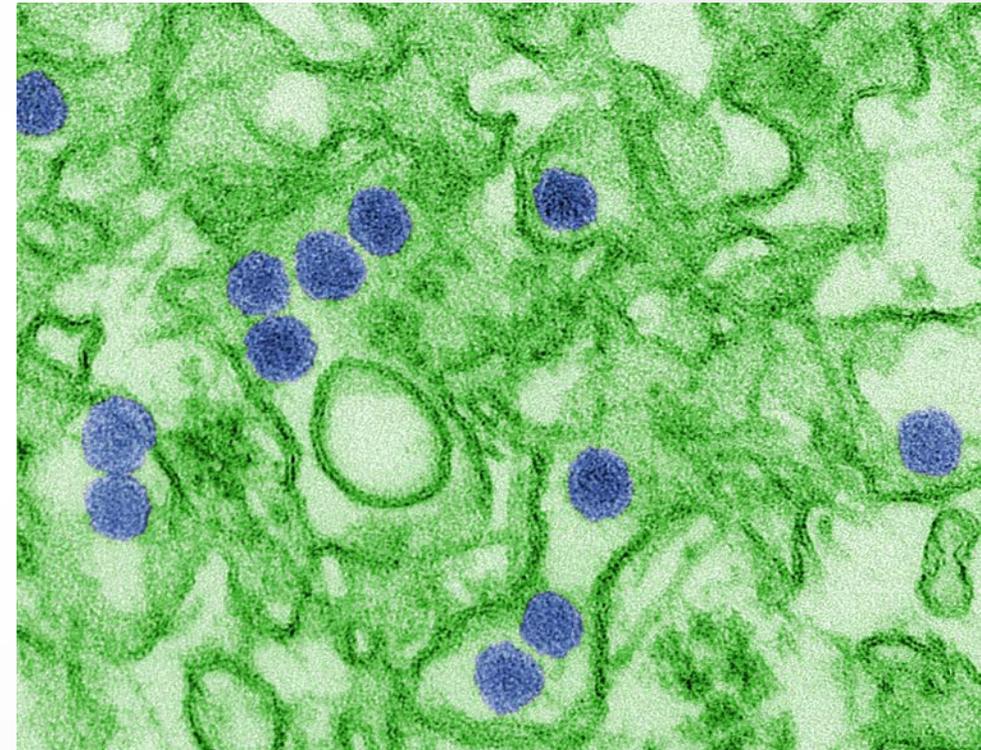


Community Health, Care and Custody

Communicable Diseases Disease Control

Must maintain our ability to control the spread of communicable diseases

- Emerging threats like Zika
- Re-emerging diseases like measles



Communicable Diseases Disease Control

Recommendation

Invest \$722,000 for 7 positions, equipment and testing supplies

Would help prevent the spread of communicable diseases through:

- Timely education
- Surveillance
- Diagnosis
- Monitoring
- Treatment

Mental Health Alliance Behavioral Healthcare

National statistics:
1 in 5 people annually
experiences mental illness

200,000+ people in Wake
County may be affected in
some way each year

Recommended budget
continues investment in
Alliance Behavioral Healthcare

Contributes **\$26 million**
to Alliance's total budget

Opioid Epidemic Increase in Opioid-Related Deaths

144%

Increase in deaths from
prescription opioids

From 2012 to 2016,
deaths rose from 18 to 44

Opioid Epidemic Increase in Opioid-Related Deaths

Pilot program would include:

- Outreach education
- Linking clients to care
- Re-establishing a youth program to promote tobacco and substance abuse prevention

Recommendation

Fund using **\$950,000** in ABC funds over 3 years

School Nurses Nurse-to-Student Ratio Improvement

Recommendation

Year 4 of 4-year plan

Add 8 nurses

Add 1 nurse supervisor

Nurse-to-Student ratio will improve
by 44% from 2013 to 2017



Foster Care and Helping the Homeless

Care and Custody



Foster Care

Average of 700 children
in foster care in Wake County

Expect 30-40 more due to new state law
allowing foster care benefits up to age 21

Recommendation

Add child welfare staff member
Add child protective services attorney

Total cost: **\$200,000**



Helping the Homeless South Wilmington Street Center

At or over capacity every night
Average 236 guests per night

Recommendation

Add 2 intake technicians to improve
safety for staff and guests

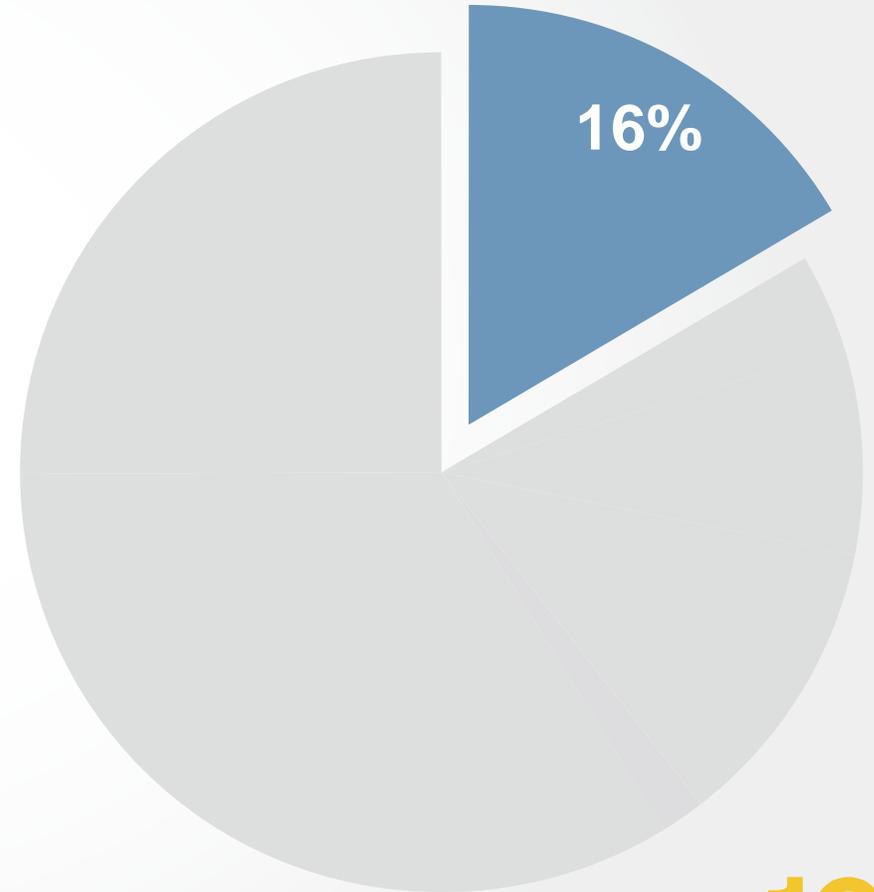


Proposed Investment

Recommended new investment:

- 28 new positions
- \$5.2 million, with \$2.3 million offset by federal and state revenues

Total Investment: **\$208 million**





Growth and Development

Inspections Food, Lodging and Other Institutions

12,000 required inspections each year

Recommendation

Add 3 inspectors,
vehicles and equipment

Total cost: **\$267,000**

Food, Lodging and Institutions Growth



Inspections Septic Systems

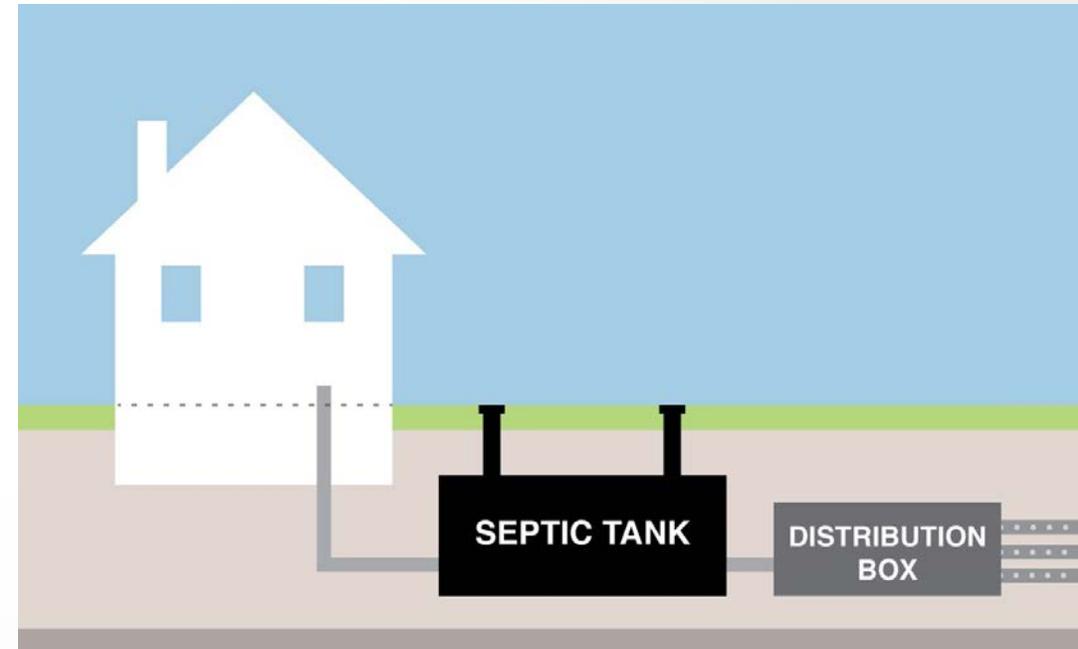
Growth and Development

State-mandated septic system inspections

Recommendation

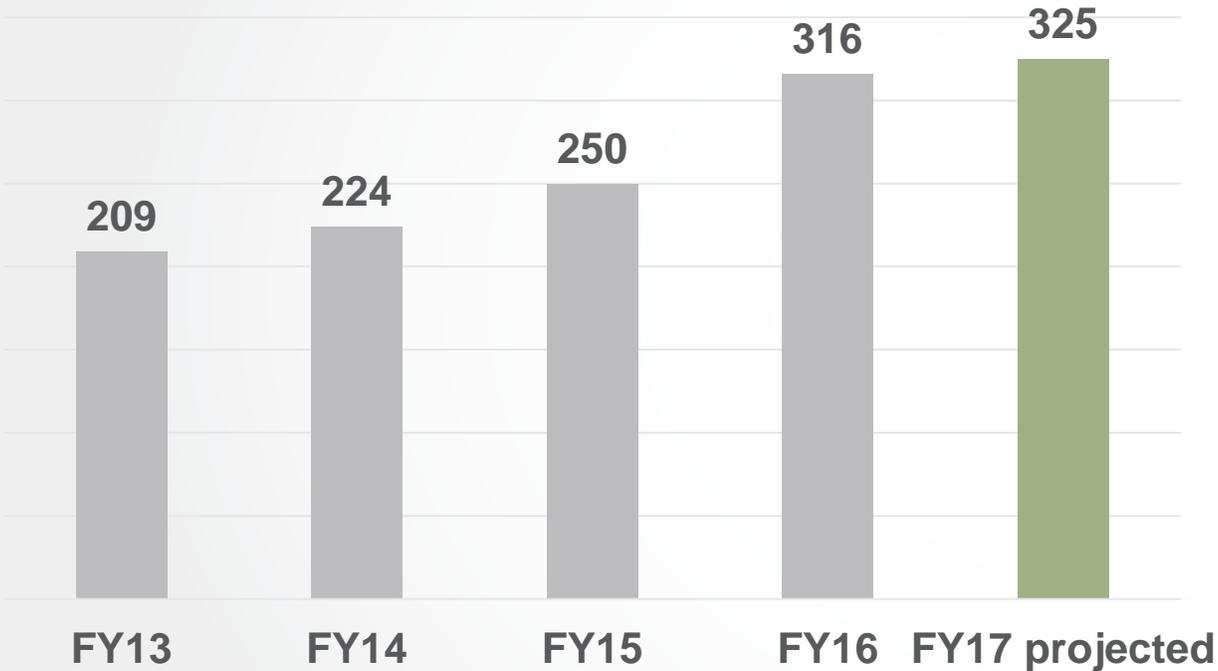
- Add 3 inspectors, vehicles and equipment

Total cost: **\$450,000**



Planning

Planning Work Increased 55%



Includes subdivision reviews, commercial use reviews, zoning violations

Recommendation

- Add transportation planner
- Add current planner
- Update Wake County Land Use Plan

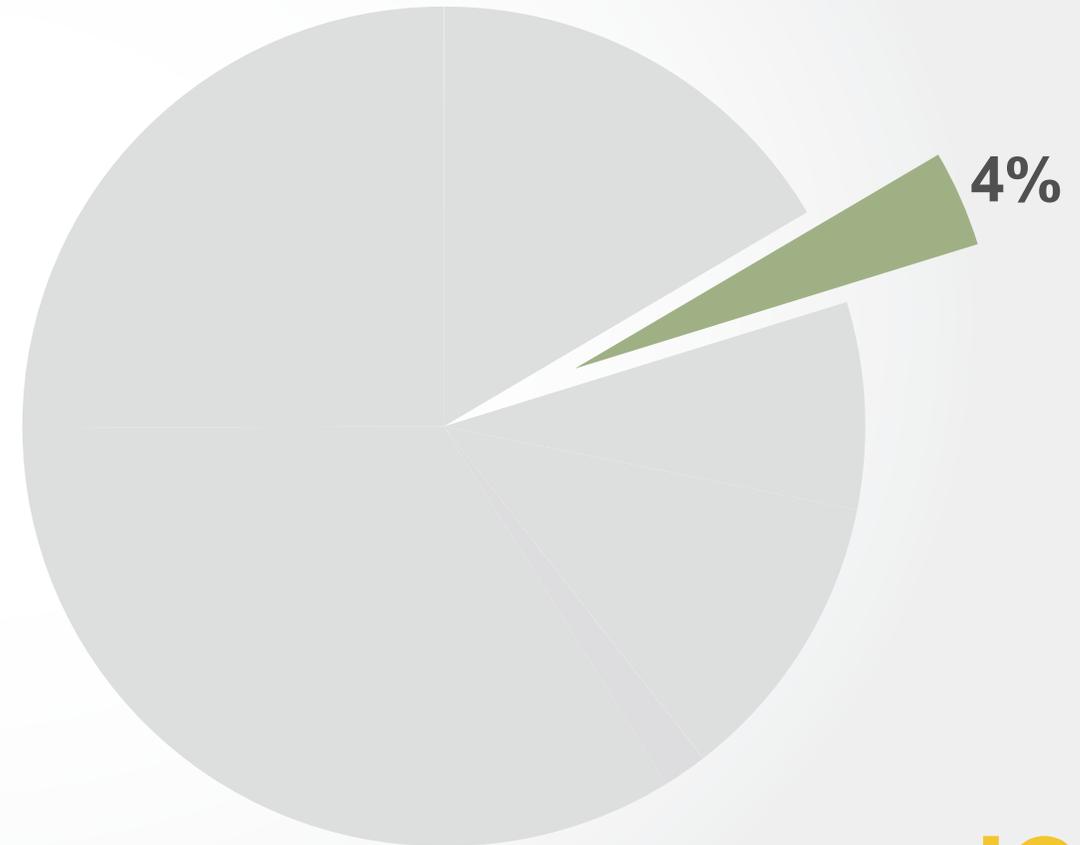
Proposed Investment

Growth and Development

Recommended new investment:

- 12.5 new positions
- \$2.2 million

Total investment: **\$47 million**



Workforce Support



Attract, retain and equip
a highly skilled workforce
4,000+ employees

Workforce Support

Recommended New Investment

- **\$1.4 million** for IT infrastructure and tools
- **\$4.5 million** for rising employee health insurance costs
- **\$1.9 million** for services to keep government operating efficiently

Workforce Support

Retaining and Recruiting Employees

Recommendation

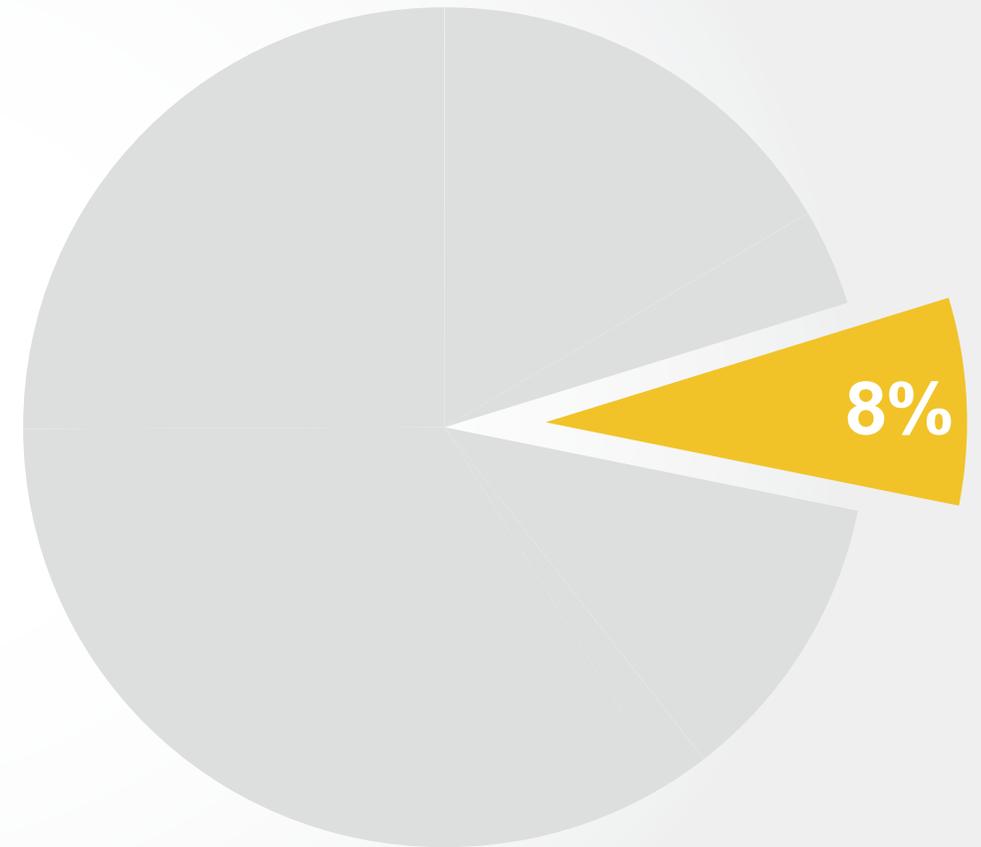
- Pay band adjustments to remain competitive with benchmark employers
- Budget \$5.6 million for average 3% performance pay increase for eligible employees

Workforce Support

Recommended Investment

Recommended new investment in workforce, technology, elections and facilities: **\$13.4 million**

Total Investment: **\$98 million**



Partnerships



- Rely on community partners to help meet growing needs and expectations
- Grants and contracts with non-profit sector help us achieve social and economic vitality

Partnerships

Recommended direct funding for 10 non-profits

North Carolina Symphony	\$100,000	Wake County Smart Start	\$588,592
United Arts Council	\$488,864	Universal Breakfast	\$199,000
East Wake Education Foundation	\$50,000	Inter-faith Food Shuttle	\$20,000
Communities in Schools	\$100,000	InterAct	\$75,000
Marbles	\$650,000	Food Bank of NC	\$6,000

Total recommended increase: **\$299,500**

Partnerships

New, Continued or Expanded Programs

United Arts Council: New visiting artist program and murals project

Smart Start: Increase number of Pre-K classrooms

Inter-faith Food Shuttle and Food Bank of Central & Eastern North Carolina:
5 additional school pantries, for total of 10 countywide

InterAct: New domestic violence order eFiling system

Partnerships

Greater Raleigh Chamber of Commerce

- Contract services for economic development
- Recommend funding one position
- Develop strategies targeting vulnerable communities

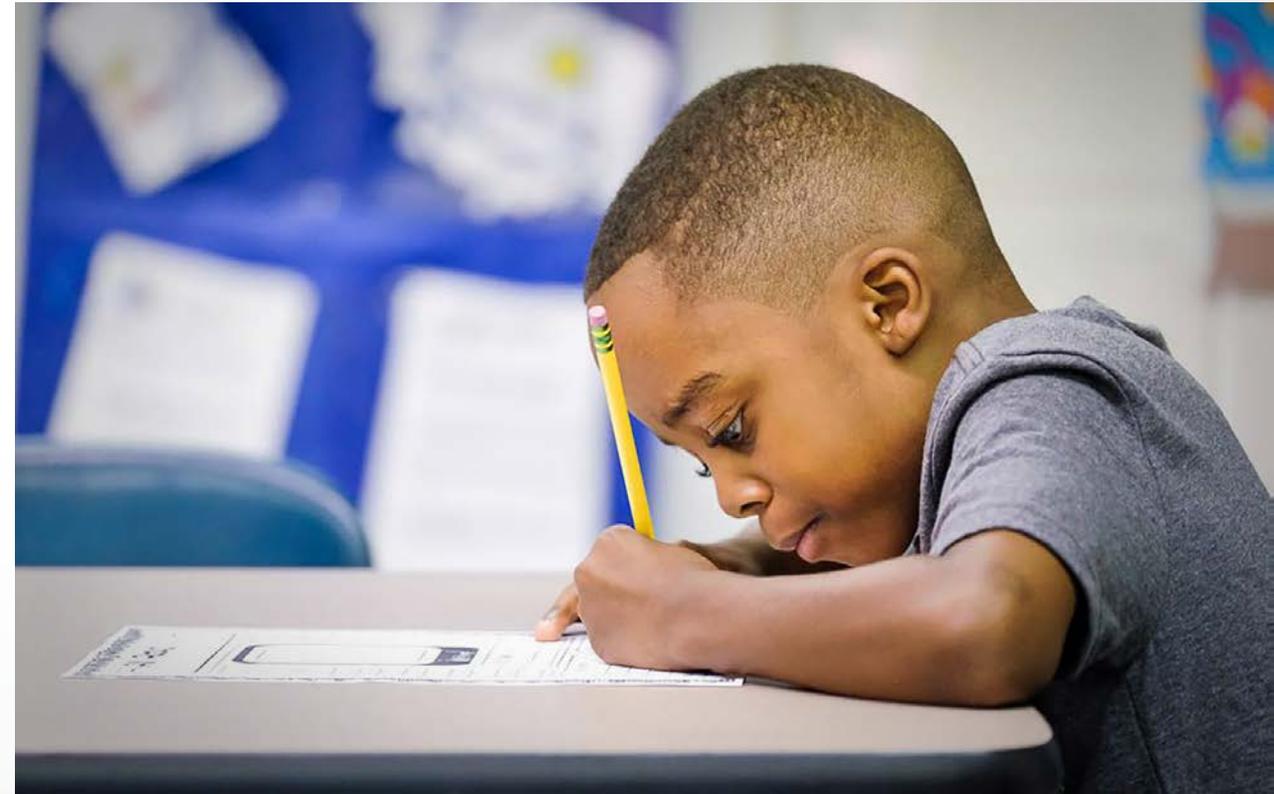


Education

Wake Technical Community College



Wake County Public School System



Education

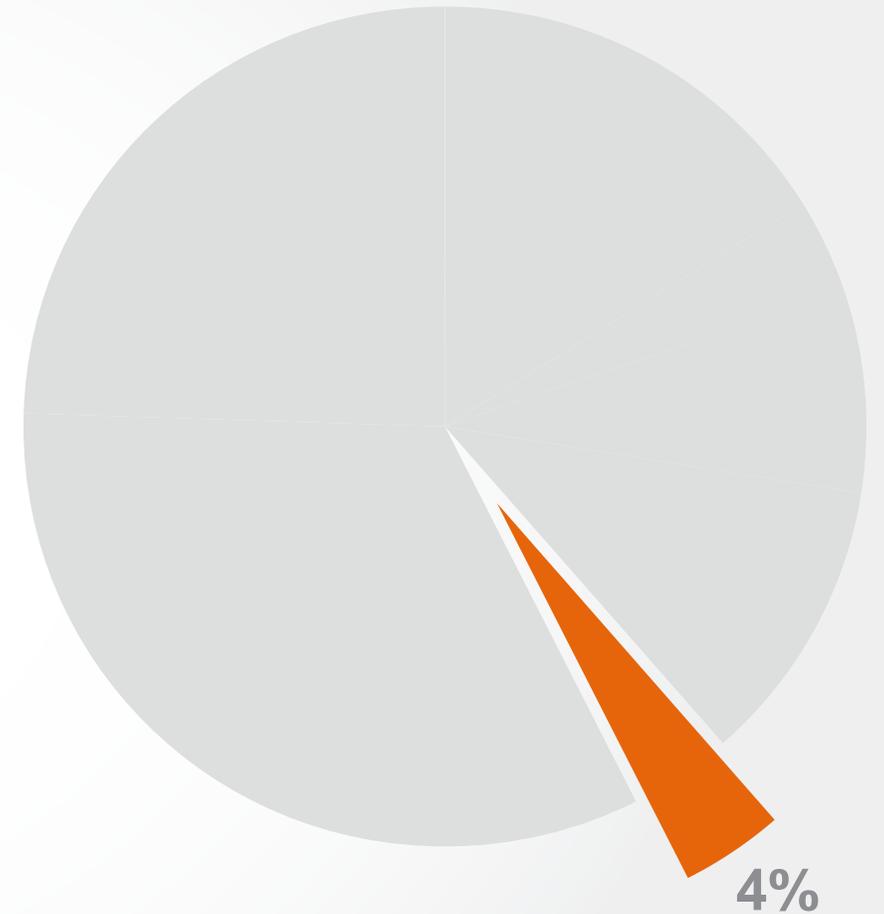
Wake Tech Community College

- North Carolina's largest community college
- Educates nearly 70,000 students each year
- Plays a major economic development role in our county
- Partners with great companies and prepares an educated workforce

Education

Wake Tech Community College

- Recommended \$1.5 million increase
- Recommended total investment: **\$21.2 million**
- Debt and capital: **\$29,680,300**



Education

Wake County Public School System

Over the past four years:

- Wake County appropriation increased 25%
- Highest teacher supplement in the state
- Highest per-pupil funding in county history

Education

Wake County Public School System

Reviewed

- Enrollment growth: 2,208
- Current county per pupil spending: \$2,569
- WCPSS historical and projected spending

Education

Wake County Public School System

WCPSS General Fund Expenditures Below Budget



Education

Wake County Public School System

WCPSS General Fund Budget

Source	FY17 Budget	FY18 Requests	Change from FY17
Wake County Appropriation	\$407.9 million	\$453.1 million	\$45.2 million
Other Local Revenues	\$20.3 million	\$14.1 million	(\$6.2 million)
Total	\$428.2 million	\$467.2 million	\$39 million

Education

Wake County Public School System

FY17 funds not used \$21 million

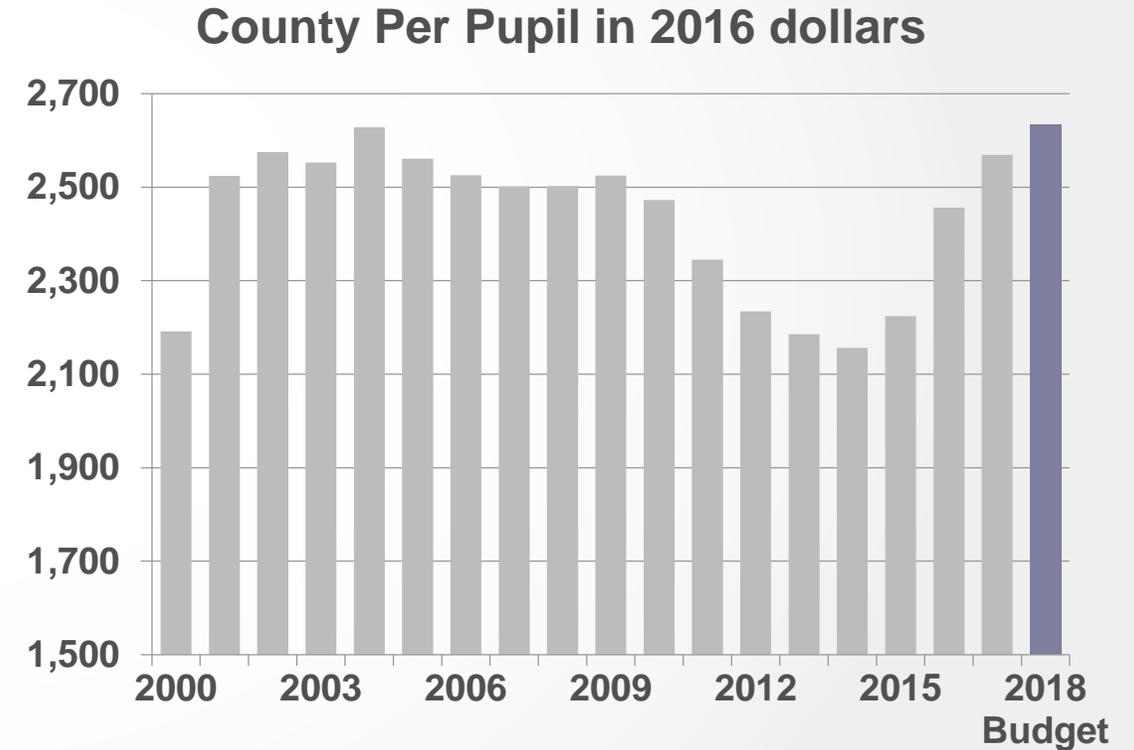
FY18 recommended increase + \$16 million

**Would fund 95% of
\$39 million increase \$37 million**

Education

Wake County Public School System

- Proposed total appropriation: **\$425,911,000**
- Includes **\$16 million increase**
- **2.5% increase** in per-pupil funding to \$2,633 per student

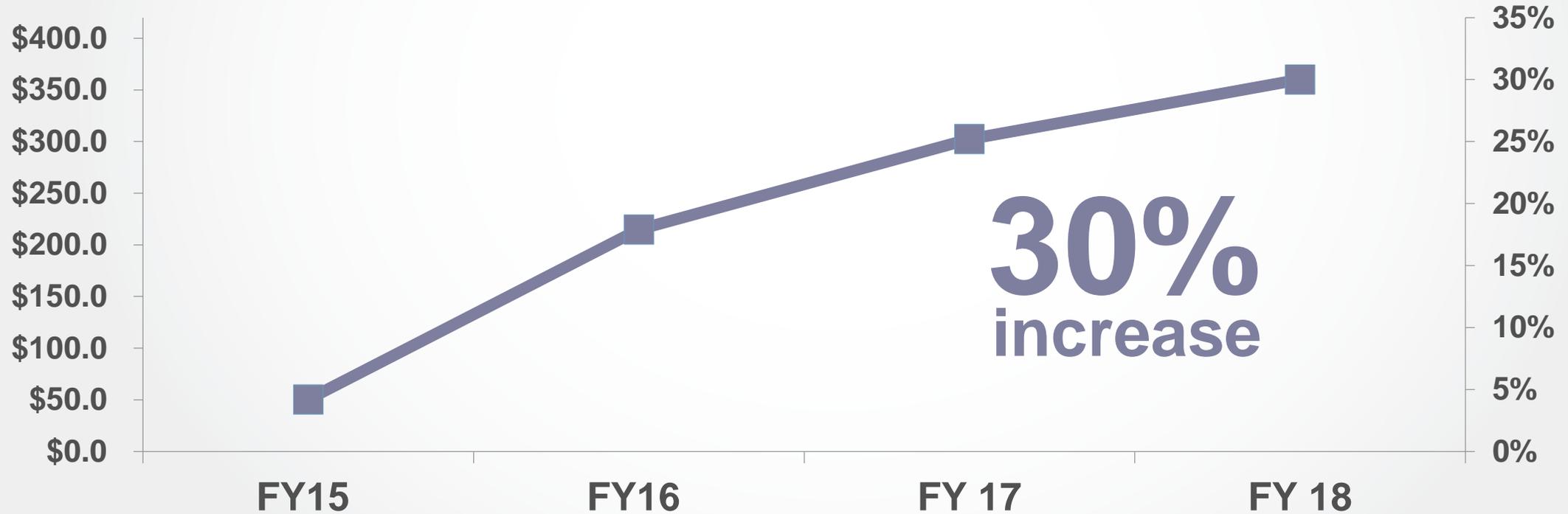


Education

Wake County Public School System

Total County
Funding

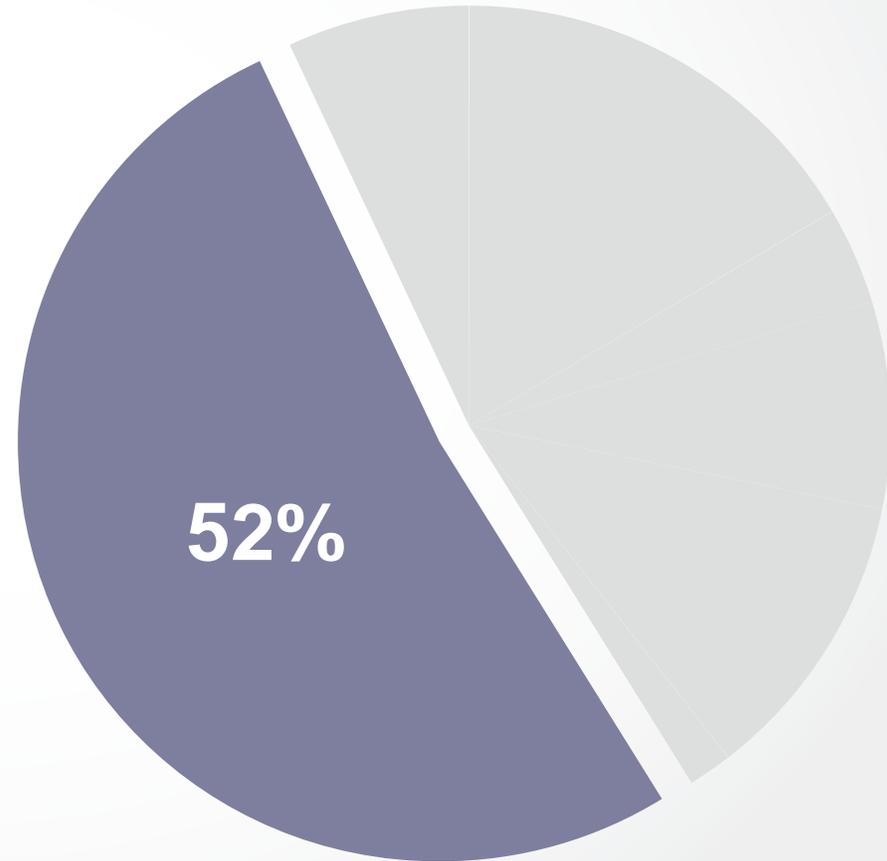
Cumulative
Percentage Change



Education

Wake County Public School System

- Recommended \$16 million increase
- Recommended total operating investment: **\$425,911,000**
- Debt and capital: **\$228,202,480**



FY18 Recommended Budget

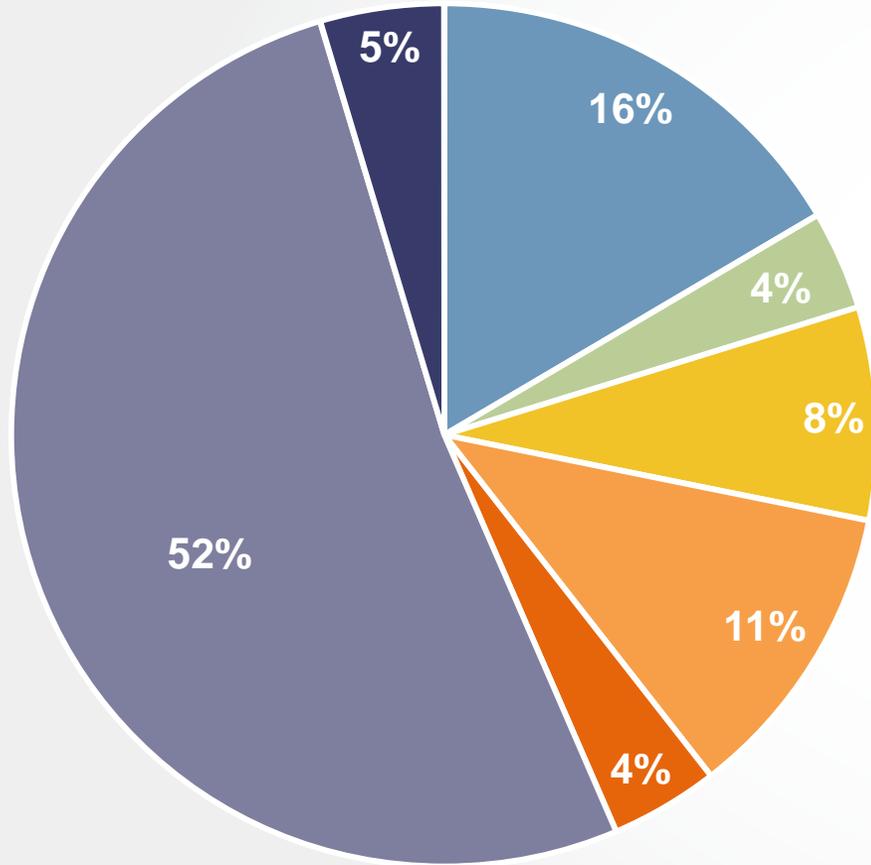
Required tough decisions to balance our competing needs



What it does

- Considers our most critical needs
- Works to accomplish board goals
- Represents a responsible use of taxpayer dollars

Total FY18 General Fund: \$1,261,415,000



- Community Health, Care and Custody
- Growth and Development
- General Government, Workforce and Partnerships
- Public Safety
- Wake Tech
- WCPSS
- County Debt and Capital

Next Steps

Public hearings – June 5

- 2 p.m. at the regularly scheduled board meeting
- 7 p.m. at the Wake County Commons

Budget work session – June 12 at 9 a.m.

Consider budget adoption – June 19 at 2 p.m.

Learn more

wakegov.com/budget